

U.S. House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

January 7, 2003

Honorable Harvey L. Pitt  
Chairman  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20547

Mr. Robert R. Glauber  
Chairman  
NASD  
1735 K Street, NW  
Washington, DC 20006

Dear Chairman Pitt and Mr. Glauber:

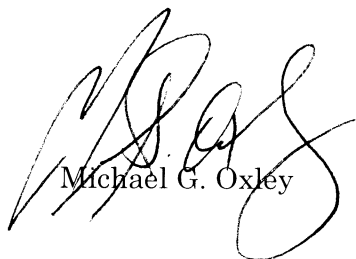
It has come to my attention that a number of brokerage firms appear to have overcharged mutual fund investors. In light of the fact that mutual funds are the primary vehicle for retirement and other savings for tens of millions of Americans, these are very disturbing allegations.

We are greatly concerned that fund investors may have been overcharged as a result of brokers' failing to provide them with discounted rates as promised. These "breakpoints," if offered at all, must be offered to all investors in the fund.

We commend you on your investigation of these alleged practices. If brokerage firms have indeed been engaged in this type of misconduct, swift and severe penalties should be levied, and defrauded investors should receive full restitution. We call on the Securities and Exchange Commission and the NASD to report back to us with the following information: a) how many brokerages have engaged in this misconduct; b) how many investors have been overcharged, and to what extent; c) to what extent this problem reflects willful misconduct or is the result of inadequate systems design and/or oversight; and d) whether the current regulatory regime is adequate to protect investors. Please provide this information within the next 30 days.

According to the Investment Company Institute, 93 million Americans are invested in the stock market – a majority through mutual funds. Investor confidence is at an all-time low. Rooting out this type of wrongdoing is essential to restoring public faith in the integrity of the markets.

Yours truly,



Michael G. Oxley



Richard H. Baker